

MEMORANDUM FOR STAFF PRINCIPALS, HQUSACE, AND  
COMMANDERS/DIRECTORS, MAJOR SUBORDINATE COMMANDS AND FIELD  
OPERATING ACTIVITIES

SUBJECT: Guidance on Repayment of Student Loans

1. Authority to approve the repayment of a student loan as a recruitment or retention tool is delegated to Commanders/Directors, Major Subordinate Commands (MSCs) and the Engineer Research and Development Center (ERDC), with the authority to delegate to district commanders and laboratory directors. Within HQUSACE, authority is delegated to staff principals occupying General Officer or SES positions and may not be redelegated. Proposals from other HQUSACE staff elements will be forwarded to the Chief of Staff for approval. Proposals to authorize the repayment of student loans in other activities will be forwarded to the next higher level that has delegated authority. All loan repayments approved must be adequately documented and adhere to 5 USC Sec 5379, Department of Defense and Department of the Army guidance, as interpreted or restricted by this policy memorandum.
2. The Office of the Assistant Secretary of Defense authorized the implementation of the Repayment of Student Loans Program, which is provided for in 5 USC Sec. 5379, on 17 October 2001. A copy of the DOD Student Loan Repayment Plan is at enclosure 1. The Department of the Army issued guidance on the repayment of student loans on 26 November 2001 (enclosure 2). Enclosure 3 is a listing of loans that qualify for repayment. Enclosure 4 is a format for the USACE Repayment of Student Loan Service Agreement, which must be completed by the employee and the approving official and provided to the Customer Service Representative (CSR) for forwarding to the Defense Finance and Accounting Service (DFAS). The CSR will also notify DFAS when payments are to stop. A copy of the agreement and any extensions or amendments must be provided to the Civilian Personnel Advisory Center for filing on the left-hand side of the employees Official Personnel Folder along with copies of the loan verification and the manager's justification for authorizing the loan repayment. Periodic reports on the use of the student loan repayment incentive will be required, including an annual report to the Department of the Army.
3. Within USACE, agreements to repay student loans will require the execution of a minimum three-year service agreement and be limited to the statutory annual and lifetime limitations (currently \$6,000 each calendar year up to a lifetime total of \$40,000). Additional service agreements can be executed if conditions justify extending or amending the initial agreement. Each extended or amended service agreement must also be for three years and is subject to the

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statutory annual and lifetime limits. An agreement is only valid within the organization of the designated approving official and remains in effect if the employee changes positions within that organization (e.g., MSC, district or laboratory). In these cases, the agreement should be modified as necessary. Except for moves within HQ USACE, if an employee moves to a USACE activity outside the command of the previous approving official, the service agreement automatically terminates. The designated approving official in the gaining USACE activity may approve a new three-year agreement. When a centrally-funded ACTEDS intern has executed a three- year service agreement, and is placed into a USACE position at the end of the intern training period, USACE will honor the existing service agreement for the duration of the service commitment.

4. When an employee moves to another USACE activity, is placed in another Army command as an ACTEDS funded intern graduate, or leaves the command through the DoD Priority Placement Program and the service agreement is terminated, the requirement to reimburse the activity for loan payments already paid is automatically waived. If the employee permanently leaves USACE voluntarily before the three year service requirement is satisfied, USACE must be reimbursed for previously paid loan payments unless the losing activity grants a specific waiver. If the employee is involuntarily separated except for cause, no reimbursement of loan payments is required.

5. The student loan repayment program is not centrally funded. Funds covering the amount of the repayment must come from the same local source as other recruitment and retention incentives. The payroll transaction will charge the employee's appropriate overhead account in CEFMS. New Resource Codes will be established in CEFMS to facilitate payment reporting.

6. Repayment of student loans is a change in a condition of employment for bargaining unit employees. Therefore, where appropriate, union representatives must be notified of this change prior to implementation. Labor relations questions may be directed to Jeannie Hansohn, CEHR-D, on (202) 761-7277.

7. Point of contact for this matter is Anthony L. Johnson, telephone 202-761-5006.

FOR THE COMMANDER:

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SUSAN DUNCAN  
Director of Human Resources